

Information Services Board Briefing Paper on the Department of Social and Health Services Medicaid Management Information System Reprocurement Project

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Description

The Department of Social and Health Services (DSHS) Medical Assistance Administration (MAA) will request approval to exercise the final option year of its contract with Affiliated Computer Services Incorporated (ACS), formerly Consultec, Inc., to operate and maintain the Medicaid Management Information System (MMIS). Invoking this option year means the contract will expire in December 2005. In addition, DSHS MAA will request approval to extend the term of the contract for an additional two years to December 2007. MAA presented its approach and received advice from the ISB Core Systems Subcommittee in March 2003. These requests are needed to enable DSHS MAA time to complete the feasibility study for MMIS reprocurement and implement the selected alternative.

Background

Washington's MMIS is a 1980s legacy system comprised of over 1,400 programs and 3,000,000 lines of COBOL code. It makes use of VSAM flat files and relies on extensive hard coded program logic. It was designed to support a single benefit, fee for service Medicaid program. The state owns the code, programs, and documentation.

During the late 1970s Washington transferred in Iowa's MMIS. In 1982 DSHS issued an RFP for a new MMIS system that was awarded to ACS and was operational in 1983. DSHS conducted another competitive procurement process in 1989 and again awarded the contract to ACS.

The system is a CMS certified MMIS with the six subsystems required by Washington State Medicaid. In addition, a pharmacy point of sale (POS) system for processing drug claims and a decision support system (DSS) have been added. MMIS processes over 24 million claims annually and pays over \$3 billion to participating Medicaid providers. The principle transactions are fee for service claims, over 85% of which are submitted electronically, and payments to managed care plans on behalf of enrolled Medicaid clients.

In 1998 the ISB had granted an extension to the current contract to December 2004 with one additional option year.

Status

DSHS MAA appeared before the ISB Core Systems Subcommittee at its March 2003 meeting. DSHS presented its plan and timeline for conducting a feasibility study and implementing the preferred alternative. DSHS is currently working on the acquisition document to engage a vendor to develop an MMIS feasibility study.

DSHS estimates that a best-case scenario would result in a system implementation during 4th quarter of calendar 2006. This represents exercising the final option year as well as a one-year extension of the existing contract. In order to support any schedule contingency, DSHS is requesting an extension of two additional years versus one.

Issues

- Schedule: There are at least six federal Centers for Medicare and Medicaid Services' (CMS) review and approval points throughout the life of this project. CMS requires 60 days for every approval point.
- Budget/Cost: The budget for the MMIS reprocurement will be determined based on the findings of the feasibility study and the responses to the RFP.

Recommendation

ISB oversight staff recommends that the Board approve DSHS' request to exercise the final option year of the existing contract and to extend the contract for an additional two years. This will allow DSHS to conduct a feasibility study within a reasonable timeframe and to implement an enhanced MMIS.